Government of Saskatchewan

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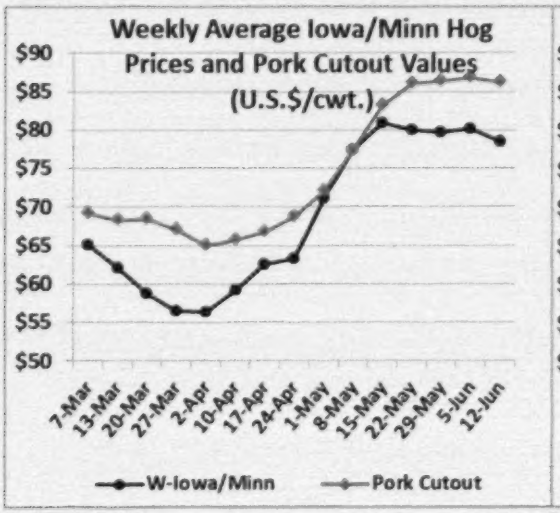
Weekly Hog Report

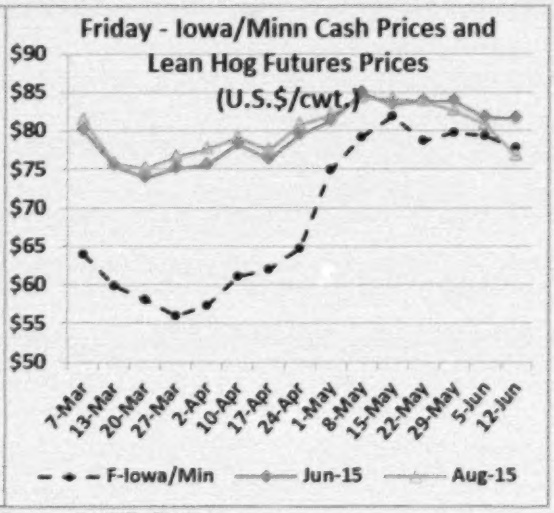
June 15, 2015

Cash Slaughter Weight Hog Prices

United States daily average cash hog prices (Iowa/Minn) were mixed last week and edged lower; week-over-week. Hog prices on Friday averaged US$77.80 per cwt, down US$1.50 per cwt from US$79.30 per cwt the previous Friday. The negotiated base price for the week averaged US$78.43 per cwt, down US$1.71 per cwt or 2.1 per cent from US$80.14 per cwt the previous week.



Source: LMIC



Source: LMIC, CME

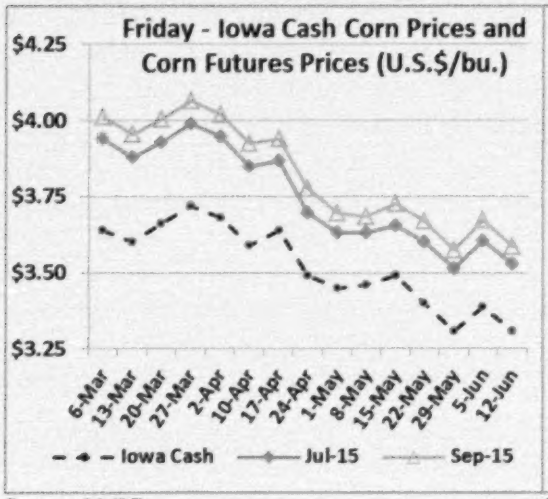
In Canada, the Signature#3 (Maple Leaf) Index 100 daily price for Friday June 12, 2015 was $176.26 per ckg, down $5.28 per ckg or 2.9 per cent from $181.54 per ckg the previous Friday. Signature#3 weekly prices (Friday to Thursday) averaged $177.84 per ckg, down $4.88 per ckg or 2.7 per cent from the previous weeks' average price of $182.72 per ckg. The Canadian dollar moved higher last week to close Friday at 81.23 cents; up 0.84 cents from the previous Friday's close of 80.39 cents.

Futures Markets

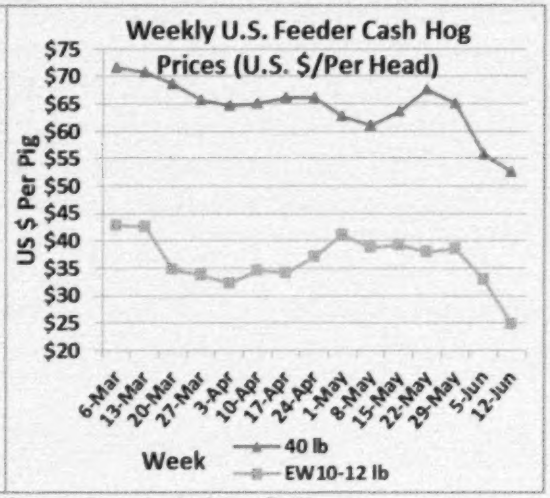
Lean hog futures daily prices were primarily lower last week and ended the week lower, week-over-week. The nearby June 2015 contract declined US$0.225 per cwt to settle Friday at US$81.450 per cwt, while the August contract declined US$4.100 per cwt to settle Friday at US$76.725 per cwt. Market expectations of higher fall slaughter numbers pressured the fall future prices lower.

Cash Feeder Hog Prices

North American (Iowa) iso-wean (10-12lb) cash hog prices and feeder (40lb) cash hog prices declined noticeably again last week. Weighted average cash prices for iso-weans (12lb) last week were US$24.90 per head, down US$8.08 per head from US$32.98 per head the previous week. Feeders (40lb) were US$52.59 per head, down $3.11 per head from US$55.70 per head the previous week. Lower fall lean hog futures prices were a big factor putting downward pressure on the iso-wean and feeder pig markets.



Source: LMIC



Source: Iowa Agriculture, CME

Iowa cash corn prices were lower last week declining eight cents per bushel to end Friday at US$3.31 per bushel. U.S. daily corn futures prices were primarily lower over the week and ended lower, week-over-week. The July corn futures contract declined over seven cents to settle Friday at US$3.53 per bushel, while the September corn futures contract declined almost nine cents per bushel to settle Friday at US$3.58¾ per bushel.

The USDA Feed Outlook was released on June 12, 2015. Global feed grain supplies for 2015/2016 are projected higher this month (June) as increased 2014/15 production (mostly increased second-corn crop in Brazil) and other supply and demand changes helped boost the 2015/16 beginning stocks. United States projected 2015/16 corn yield and production were unchanged from the previous month as overall conditions continue to be very favorable in the U.S. for most of the major corn-producing States.

Hogs Slaughtered

U.S. hogs slaughtered under federal inspection for the week ending June 13 were estimated at 2.128 million head, up 0.4 per cent from 2.120 million head the previous week, and up 11.2 per cent from 1.914 million head the same week a year ago. U.S. hogs slaughtered over the last four weeks averaged 2.063 million head per week, up 9.3 per cent from 1.887 million head the same four week period a year ago.

In Canada, federal and provincial hog slaughter numbers for the week ending June 6, 2015 were estimated at 396,227 head, up 0.6 per cent from 394,003 head the previous week, and up 4.2 per cent from 380,122 head the same week a year ago. Canadian hogs slaughtered over the last four weeks ending June 6, 2015, were estimated to average

385,338 head, up 3.8 per cent from 371,202 head over the same period a year ago. Year-over-year, Canadian hogs slaughtered are up 2.6 per cent, at 9.208 million head.

In Western Canada, hogs slaughtered over the last four weeks ending June 6, 2015 averaged 159,171 head, up 3.6 per cent from 153,668 head over the same four weeks a year ago. Western Canadian hogs slaughtered year-to-date totaled 3.810 million head, up about 3.3 per cent from 3.688 million head the same period a year ago.

Meat Production

U.S. pork production for the week ending June 13, 2015 was estimated at 453.7 million lb., up 0.6 per cent from 451.2 million lb. the previous week, and up 10.3 per cent from 411.5 million lb. the same week a year ago. Pork production over the last four weeks ending June 13 was estimated to average 439.6 million lb., up 8.2 per cent from 406.4 million lb. over the same four week period a year ago.

U.S. beef production for the week ending June 13, totaled 439.5 million lb., down 1.6 per cent from 446.6 million lb. the previous week, and down 8.5 per cent from 480.4 million lb. the same week a year ago.

Combined production of U.S. beef, pork, chicken and turkey over the four weeks ending June 6, 2015, was estimated to average 1.949 billion lb., up 3.2 per cent from 1.888 billion lb. over the same four weeks a year ago. Total U.S. meat production year-to-date for 2015 is estimated to be up 3.86 per cent compared to the same period in 2014.

United States Weekly Meat Production

(June 6) Four Week Average - Million Lb.			Percent Change	
	2014	2015	4 Week	YTD 2015
Pork	411.4	439.4	6.8%	6.6%
Beef	465.2	449.0	-3.5%	-4.0%
Chicken	883.4	942.8	6.7%	6.9%
Turkey	128.4	118.0	-8.1%	1.7%
Total	**1,888.4**	**1,949.1**	**3.22%**	**3.86%**

Source: LMIC

Cutout Values

U.S. pork cutout values for the week ending June 13, 2015 averaged US$86.08 per cwt, down US$0.60 per cwt or 0.7 per cent from US$86.68 per cwt the previous week, and down 29.4 per cent from US$121.96 per cwt from a year ago.

Average beef cutout values (Choice 600-900 lb.) for the week ending June 13 averaged US$246.38 per cwt, down US$3.28 per cwt from US$249.66 per cwt from the previous week, but up 6.3 per cent from US$231.80 per cwt the same week a year ago.

Average chicken cutout values (Northeast breast) for the week ending June 13 averaged US$148.38 per cwt, down US$5.22 per cwt from US$153.60 per cwt from the previous week and down 24.6 per cent from US$196.91 per cwt the same week a year ago.

The June USDA WASDE report was released on June 10 and estimated that United States Red Meat and Poultry production for 2015 will be 95.137 billion lb., a 0.5 per cent reduction from the May estimates but a 3.2 per cent increase from 92.172 billion lb. produced in 2014. Pork production estimates for 2015 were increased by 0.25 per cent from the May estimates to 24.456 billion lb., and are estimated to be 7.1 per cent above 2014 pork production. Anticipated larger second half slaughter numbers are the main reason pork numbers are projected higher. U.S. beef production estimates in June were revised 1.1 per cent lower from May with lower slaughter head numbers projected. United States meat production for 2015 is projected to increase for pork (+7.1%) and broilers (+4.6%), but decline for turkeys (-2.6%), and beef (-1.1%), from 2014 production. U.S. meat production for 2016 is projected to further increase 2.4 per cent from 2015, with beef leading the production increase after declining the last few years.

USDA June World Agricultural Supply and Demand Estimates

		Million Pounds				Total Red Meat
	Quarter	Beef	Pork	Broiler	Turkey	& Poultry
2013	**Annual**	**25,720**	**23,187**	**37,830**	**5,806**	**93,333**
2014	**Annual**	**24,252**	**22,843**	**38,550**	**5,756**	**92,171**
2015	May Proj.	24,274	24,396	40,161	5,979	95,583
2015	**June Proj.**	**24,009**	**24,456**	**40,317**	**5,604**	**95,137**
% Chg.	May - June.15	-1.09%	0.25%	0.39%	-6.27%	**-0.47%**
% Chg.	**2014-2015**	**-1.00%**	**7.06%**	**4.58%**	**-2.64%**	**3.22%**
2016	**June Proj.**	**24,735**	**24,700**	**41,175**	**6,010**	**97,393**

Source: USDA June WASDE Report, June 10, 2015

Turkey numbers are projected to decline primarily from the avian influenza (bird flu) out breaks in the United States with a majority of the initial confirmed cases in Upper Midwest States (such as Iowa, Minnesota, Wisconsin) that are predominately egg layer and turkey production regions. As of early June 2015 the number of detections of avian influenza in the United States grew to 207 cases across 15 states and has resulted in the depopulation of more than 45 million birds. USDA expects this number to reach 50 million birds affected at some point this summer. Newton and Kuethe from the University of Illinois however feel that the impact on the Thanksgiving turkey supply is largely overstated. (Source: John Newton and Todd Kuethe; University of Illinois)

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